



HENGYUAN REFINING COMPANY BERHAD

Registration No. 196001000259 (3926-U)
(Incorporated in Malaysia)

In accordance with the approval of the Board of Directors of Hengyuan Refining Company Berhad (“the Company”) dated 27 August 2021 the Board hereby announces its unaudited financial results for the second quarter ended 30 June 2021.

The condensed financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“BMSB”) Main Market Listing Requirements and should be read in conjunction with the Company’s audited financial statements for the year ended 31 December 2020.



HENGYUAN REFINING COMPANY BERHAD

Registration No. 196001000259 (3926-U)
(Incorporated in Malaysia)

Condensed Statement of Comprehensive Income

	Note	Unaudited Individual 30.06.2021 RM'000	Unaudited quarter ended 30.06.2020 RM'000	Unaudited Cumulative 30.06.2021 RM'000	Unaudited period ended 30.06.2020 RM'000
Revenue	A8	2,501,510	1,213,813	4,699,402	3,763,160
Purchases		(2,262,078)	(1,108,024)	(4,092,270)	(3,953,418)
Gross profit/(loss)		239,432	105,789	607,132	(190,258)
Other income		5,248	1,743	17,491	3,422
Manufacturing expenses		(55,521)	(57,416)	(109,716)	(113,772)
Administrative expenses		(13,870)	(36,330)	(27,290)	(49,006)
Depreciation and amortisation		(30,212)	(30,185)	(59,640)	(59,448)
Other operating (losses)/gains		(220,761)	22,548	(465,447)	299,710
Finance cost		(4,779)	(5,898)	(9,421)	(14,030)
(Loss)/profit before taxation	A10	(80,463)	251	(46,891)	(123,382)
Taxation	A11	21,087	48,421	3,823	47,931
(Loss)/profit after taxation		(59,376)	48,672	(43,068)	(75,451)
Other comprehensive income/(expense):					
<i>Items that will be reclassified to profit or loss:</i>					
Cash flow hedge-net fair value (loss)/gain on derivatives used for hedging (net of tax)		49,934	(170,544)	19,714	175,202
Cost of hedging reserve (net of tax)		(108,662)	(1,543)	(107,710)	(1,961)
		(58,668)	(172,087)	(87,996)	173,241
Total comprehensive income/(expense) for the financial period		(118,044)	(123,415)	(131,064)	97,790
Earnings per share:					
- basic/diluted (sen)	A9	(19.79)	16.22	(14.36)	(25.15)

The above Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying supplementary notes to these condensed financial statements.



HENGYUAN REFINING COMPANY BERHAD

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Condensed Statement of Financial Position

	Note	Unaudited As at <u>30.06.2021</u> RM'000	Audited As at <u>31.12.2020</u> RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,968,269	1,994,188
Intangible assets		11,147	12,444
Right-of-use assets		19,688	23,444
Derivative financial assets	A18	2,193	-
		<u>2,001,297</u>	<u>2,030,076</u>
CURRENT ASSETS			
Inventories		1,561,804	1,051,689
Trade receivables		705,057	513,451
Other receivables and prepayments		41,013	28,311
Tax recoverable		3,051	2,994
Derivative financial assets	A18	28,250	135,180
Bank balances		363,277	737,198
		<u>2,702,452</u>	<u>2,468,823</u>
TOTAL ASSETS		<u>4,703,749</u>	<u>4,498,899</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		300,000	300,000
Retained earnings		1,894,859	1,949,927
Cash flow hedge reserve		69,266	49,552
Cost of hedging reserve		(109,920)	(2,210)
Exchange translation reserve		(128,888)	(128,888)
		<u>2,025,317</u>	<u>2,168,381</u>
CURRENT LIABILITIES			
Trade and other payables		1,398,404	1,308,516
Amount due to related companies		9,647	14,317
Lease liabilities		7,922	7,722
Contract liability		447	-
Derivative financial liabilities	A18	34,639	53,638
Borrowings	A19	647,943	250,689
		<u>2,099,002</u>	<u>1,634,882</u>
NON-CURRENT LIABILITIES			
Derivative financial liabilities	A18	51,416	15,886
Lease liabilities		11,740	15,796
Borrowings	A19	433,048	549,118
Deferred tax liabilities		83,226	114,836
		<u>579,430</u>	<u>695,636</u>
TOTAL EQUITY AND LIABILITIES		<u>4,703,749</u>	<u>4,498,899</u>

The above Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying supplementary notes to these condensed financial statements.



HENGYUAN REFINING COMPANY BERHAD

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Condensed Statement of Changes in Equity

	Issued and fully paid ordinary shares		Non-distributable			Distributable	Total RM'000
	Number of shares '000	Nominal value RM'000	Cash flow hedge reserve RM'000	Cost of hedging reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	
Unaudited							
At 1 January 2021	300,000	300,000	49,552	(2,210)	(128,888)	1,949,927	2,168,381
Net loss for the financial period	-	-	-	-	-	(43,068)	(43,068)
Other comprehensive income/ (expense) for the financial period	-	-	19,714	(107,710)	-	-	(87,996)
Total comprehensive income/ (expense) for the financial period	-	-	19,714	(107,710)	-	(43,068)	(131,064)
Transaction with owners							
Dividends paid	-	-	-	-	-	(12,000)	(12,000)
Total transaction with owners	-	-	-	-	-	(12,000)	(12,000)
At 30 June 2021	300,000	300,000	69,266	(109,920)	(128,888)	1,894,859	2,025,317
Unaudited							
At 1 January 2020	300,000	300,000	175,346	(34,059)	(128,888)	1,698,944	2,011,343
Net loss for the financial period	-	-	-	-	-	(75,451)	(75,451)
Other comprehensive income/ (expense) for the financial period	-	-	175,202	(1,961)	-	-	173,241
Total comprehensive income/ (expense) for the financial period	-	-	175,202	(1,961)	-	(75,451)	97,790
At 30 June 2020	300,000	300,000	350,548	(36,020)	(128,888)	1,623,493	2,109,133

The above Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying supplementary notes to these condensed financial statements.



HENGYUAN REFINING COMPANY BERHAD
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Condensed Statement of Cash Flows

	Note	Quarter and cumulative period ended	
		Unaudited <u>30.06.2021</u> RM'000	Unaudited <u>30.06.2020</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(46,891)	(123,382)
Adjustments for:			
Depreciation of property, plant and equipment		54,545	54,484
Depreciation of right-of-use assets		3,756	3,762
Amortisation of intangible assets		1,339	1,202
Inventories written down		13,629	-
Provision for impairment of receivables		318	26,199
Property, plant and equipment written off		-	80
Amortisation of term loan commitment fees		88	88
Interest expense		9,333	13,942
Interest income		(2,773)	(3,422)
Net fair value loss/(gain) on derivative financial instruments-unrealised		5,825	(46,744)
Net foreign exchange loss-unrealised		41,428	46,392
Operating profit/(loss) before changes in working capital		<u>80,597</u>	<u>(27,399)</u>
Changes in working capital:			
Inventories		(523,744)	519,895
Trade, other receivables and amount due from related companies		(201,780)	122,919
Trade, other payables and amount due to related companies		142,589	(1,052,084)
Cash used in operating activities		<u>(502,338)</u>	<u>(436,669)</u>
Interest received		2,773	3,422
Tax paid		(57)	(161)
Net cash flows used in operating activities		<u>(499,622)</u>	<u>(433,408)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(99,799)	(66,120)
Purchase of intangible assets		(42)	(820)
Net cash flows used in investing activities		<u>(99,841)</u>	<u>(66,940)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(499,841)	(869,325)
Proceeds from borrowings		750,554	628,709
Interest paid		(14,261)	(27,867)
Repayment of lease liabilities		(4,196)	(4,186)
Dividends paid		(12,000)	-
Restricted cash for term loan facilities		23,995	57,306
Net cash flows generated from/(used in) financing activities		<u>244,251</u>	<u>(215,363)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(355,212)	(715,711)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		683,843	1,036,788
EFFECTS OF EXCHANGE RATE CHANGES		5,286	14,514
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	A21	<u>333,917</u>	<u>335,591</u>

The above Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying supplementary notes to these condensed financial statements.



HENGYUAN REFINING COMPANY BERHAD

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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting

A1 Basis of preparation

The condensed financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“BMSB”) Main Market Listing Requirements. These condensed financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. This report should be read in conjunction with the Company’s audited financial statements for the financial year ended 31 December 2020.

The explanatory notes to this report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2020.

The interim financial report is presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

The financial information presented herein have been prepared in accordance with the accounting policies used in preparing the audited financial statements for the financial year ended 31 December 2020, and for the following standards and interpretation which became effective on 1 January 2021:

(a) Amendments to published standards that are effective for financial periods beginning on or after 1 January 2021

- Amendments to MFRS 9, 139 & 7 – Interest Rate Benchmark Reform - Phase 2

Adoption of the above standards and interpretations did not have any significant impact on the financial statements.

(b) Amendments to published standards that are applicable to the Company but not yet effective

- Amendments to MFRS 116 – Proceeds before Intended Use (effective on or after 1 January 2022)
- Amendments to MFRS 137 – Onerous Contracts: Cost of Fulfilling a Contract (effective on or after 1 January 2022)
- Annual improvements to MFRS 9 – Fees in the 10% test for Derecognition of Financial Liabilities (effective on or after 1 January 2022)
- Amendments to MFRS 101 – Classification of Liabilities as Current or Non-current (effective on or after 1 January 2023)
- Amendments to MFRS 101 – Disclosure of Accounting Policies (effective on or after 1 January 2023)



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A1 Basis of preparation (continued)

(b) Amendments to published standards that are applicable to the Company but not yet effective (continued)

- Amendments to MFRS Practice Statement 2 “Making Material Judgements” – Disclosure of Accounting Policies (effective on or after 1 January 2023)
- Amendments to MFRS 108 – Definition of Accounting Estimates (effective on or after 1 January 2023)
- Amendments to MFRS 112 – Income Taxes (effective on or after 1 January 2023)

The Company did not early adopt these amendments to MFRS and the financial impact that may arise from the adoption of the above new standards is being assessed by the Company.

A2 Audit report of preceding annual financial statements

The audit report of the Company’s financial statements for the financial year ended 31 December 2020 was not subjected to any audit qualification.

A3 Comments about seasonal or cyclical factors

The Company’s financial performance is affected by market driven refinery margins and hydrocarbon prices, which are influenced by international supply and demand for crude and petroleum products and geopolitical factors.

A4 Significant events and transactions

There were no significant events or transactions affecting assets, liabilities, equity, net income, or cash flows for the financial period that were unusual due to their nature, size, or incidence.

A5 Critical accounting estimates and judgments

There were no changes in estimates of amounts reported in prior periods that had a material effect in the current quarter and period ended 30 June 2021.

A6 Debt and equity securities

There were no issuances of new debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current quarter and period ended 30 June 2021.



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A7 Segmental reporting

The Company is principally engaged in the business of refining and manufacturing of petroleum products in Malaysia, which is a single business segment. The Company's primary operations are also concentrated within Malaysia, hence operating within a single geographical segment. Accordingly, no segmental information is considered necessary for analysis by business or by geographical segments.

A8 Revenue

	Quarter ended		Cumulative period ended	
	<u>30.06.2021</u>	<u>30.06.2020</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
	RM'000	RM'000	RM'000	RM'000
Sale of oil products				
- Refined	2,483,754	1,213,661	4,681,242	3,762,459
- Crude oil	17,756	152	18,160	701
	<u>2,501,510</u>	<u>1,213,813</u>	<u>4,699,402</u>	<u>3,763,160</u>

A9 Earnings per share

	Quarter ended		Cumulative period ended	
	<u>30.06.2021</u>	<u>30.06.2020</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
Net (loss)/profit for the period (RM'000)	(59,376)	48,672	(43,068)	(75,451)
Weighted average number of ordinary shares in issue ('000)	300,000	300,000	300,000	300,000
Basic/diluted earnings per share (sen)	(19.79)	16.22	(14.36)	(25.15)



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A10 Profit/(loss) before taxation

	Quarter ended		Cumulative period ended	
	<u>30.06.2021</u>	<u>30.06.2020</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
	RM'000	RM'000	RM'000	RM'000
<i>The profit/(loss) before taxation is arrived at after (crediting)/charging:</i>				
Interest income	(1,306)	(1,743)	(2,773)	(3,422)
Liquidated damages	(3,942)	-	(14,718)	-
Amortisation of term loan commitment fees	44	54	88	88
Interest expense	4,735	5,844	9,333	13,942
Depreciation of property, plant and equipment	27,664	27,691	54,545	54,484
Depreciation of right-of-use assets	1,878	1,878	3,756	3,762
Amortisation of intangible assets	670	616	1,339	1,202
Inventories written down	9,868	-	13,629	-
Provision for impairment of receivables	318	26,199	318	26,199
Foreign exchange loss-realised	9,052	11,692	1,873	20,654
Foreign exchange (gain)/loss- unrealised	(7,077)	(26,381)	41,428	46,392
Fair value loss/(gain) on derivative financial instruments	209,219	(286,017)	337,752	(758,668)

Save as disclosed above and in the Condensed Statement of Comprehensive Income, the other items required by Bursa Malaysia Securities Berhad Main Market Listing Requirements, Chapter 9, Appendix 9B are not applicable to the Company.



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A11 Taxation

Details of the Company's taxation are as follows:

	Quarter ended		Cumulative period ended	
	<u>30.06.2021</u>	<u>30.06.2020</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
	RM'000	RM'000	RM'000	RM'000
<u>Malaysian Tax</u>				
Current tax	-	-	-	-
Deferred tax	<u>(21,087)</u>	<u>(48,421)</u>	<u>(3,823)</u>	<u>(47,931)</u>
	<u>(21,087)</u>	<u>(48,421)</u>	<u>(3,823)</u>	<u>(47,931)</u>

The effective tax rate of the Company varies from the statutory tax rate due to the following:

	Quarter ended		Cumulative period ended	
	<u>30.06.2021</u>	<u>30.06.2020</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
	%	%	%	%
Applicable tax rate	(24)	24	(24)	(24)
Tax effects in respect of:				
- Expenses not deductible for tax purpose	(2)	>100	16	(10)
- (Income not taxable)/ expenses not deductible due to difference between functional and tax reporting currency	-	>100	-	(6)
- Deferred tax asset not recognised on unutilised tax losses	-	>100	-	1
	<u>(26)</u>	<u>>100</u>	<u>(8)</u>	<u>(39)</u>



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A12 Dividends

The Company did not declare any dividend for the current quarter and period ended 30 June 2021.

On 15 April 2021, the Company paid a single-tier interim dividend of RM0.04 per share, amounting to RM12,000,000 in respect of the financial year ended 31 December 2020.

A13 Changes in the composition of the Company

There were no changes in the composition of the Company in the current quarter and period ended 30 June 2021.

A14 Changes in contingent assets/liabilities

There were no significant changes in contingent liabilities or assets since the last audited annual financial statements as at 31 December 2020.

A15 Corporate proposal

There were no corporate proposals announced and not completed as at 30 June 2021.

A16 Material litigation

There were no material litigations involving the Company since 31 December 2020.



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A17 Commodity prices and foreign currency exchange exposures

The Company's margins and financial performance are exposed to the risk of crude and refined product price fluctuations, driven by geopolitical forces and global economic changes. The Company aims to match the average price of its crude oil intake to the planned production of refined oil products in order to mitigate the risks of margin erosion to an acceptable level. The Company may enter into futures, swaps and option derivatives to mitigate margin risks, but only whilst achieving an adequate balance between paper and physical positions.

The Company finances its operations using a mixture of internally generated profits and borrowings. The Company's interest rate risk arises from its borrowings. The Company may enter into swaps in managing this exposure.

The Company is also exposed to foreign currency exchange risks as a result of transactions entered into currencies other than its functional currency. The Company may enter into foreign currency hedge transactions to manage this exposure.

The Company's financial risk management objectives and policies remain similar to that disclosed in the audited financial statements for the financial year ended 31 December 2020.

Derivatives classified within current assets and current liabilities as at 30 June 2021 will mature within the next twelve months. Derivatives classified within non-current assets and liabilities will mature beyond 12 months.



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A18 Fair value disclosures

(a) Financial instruments carried at amortised cost:

The carrying amounts of financial assets and liabilities of the Company approximated their fair values as at 30 June 2021.

(b) Financial instruments carried at fair value:

The Company measures fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the financial asset or liability that are not based on observable market data (i.e. unobservable inputs).



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A18 Fair value disclosures (continued)

(b) Financial instruments carried at fair value (continued):

Fair value of financial instruments that were outstanding as at the reporting date are detailed below:

	Contract/ Notional amount USD'000	Assets RM'000	(Liabilities) RM'000
<u>Financial assets/(liabilities)</u>			
<u>Level 2</u>			
<u>30.06.2021</u>			
Forward priced commodity contracts	14,778	-	(1,087)
Commodity swap contracts	140,295	2,688	(1,082)
Refining margin swap contracts	250,714	27,755	(72,371)
Interest rate swap contracts	77,500	-	(11,515)
<u>31.12.2020</u>			
Forward foreign currency contracts	18,000	57	-
Forward priced commodity contracts	47,414	-	(2,526)
Commodity swap contracts	96,496	56,185	(46,920)
Refining margin swap contracts	59,436	78,938	(4,192)
Interest rate swap contracts	88,750	-	(15,886)

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurement in the current quarter and financial year ended 31 December 2020. The fair values were obtained from published rates of counterparties.



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A19 Borrowings

Details of the Company's borrowings as at the reporting date are as follows:

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
<u>Secured</u>		
Term loans and revolving credits and overdrafts	1,080,991	799,807
Less: Amount repayable within 12 months	(647,943)	(250,689)
Amount repayable after 12 months	433,048	549,118
Currency profile of borrowings:		
- USD	1,080,991	799,807

Terms and conditions of the term loans and revolving credits are as disclosed in the audited financial statements for the financial year ended 31 December 2020.



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A20 Changes in liabilities arising from financing activities

(a) Detailed below are changes in liabilities arising from borrowings:

	RM'000	RM'000
As at		
- 1 January 2021	799,807	-
- 1 January 2020	-	1,381,913
Proceeds from borrowings	750,554	628,709
Repayment of borrowings (includes interest paid)	(508,456)	(891,584)
Non-cash changes:		
- Interest accrued	8,763	19,267
- Amortisation of term loan commitment fees	88	88
- Unrealised foreign exchange loss/(gain)	30,235	(55,285)
As at		
- 30 June 2021	1,080,991	-
- 30 June 2020	-	1,193,678

(b) Detailed below are changes in liabilities arising from leasing activities:

	RM'000	RM'000
As at		
- 1 January 2021	23,518	-
- 1 January 2020	-	30,757
Repayment of principal portion of lease liabilities	(4,196)	(4,186)
Non-cash changes:		
- New lease liabilities recognised	-	119
- Interest accrued	340	511
As at		
- 30 June 2021	19,662	-
- 30 June 2020	-	27,201



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A21 Cash and cash equivalents

	As at 30.06.2021 RM'000	As at 30.06.2020 RM'000
Cash and cash equivalents comprise of:		
Bank balances	363,277	376,863
Less: Restricted cash	(29,360)	(41,272)
	333,917	335,591

Restricted cash comprise of amounts held in a debt service accrual account associated with the term loan facilities.

A22 Capital commitments

Capital commitments as at 30 June 2021 are as follows:

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Property, plant and equipment		
Approved and contracted for	184,248	185,135
Approved but not contracted for	95,835	97,076

A23 Company's performance

A review of the Company's financial performance in the reporting period is presented in the accompanying Management Commentary in Part B.

A24 Current year prospects

A commentary on the Company's current year prospects is presented in the accompanying Management Commentary in Part B.



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Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting
(continued)

A25 Related party disclosures

Below are significant related party transactions that are entered into in the normal course of business and have been established under negotiated terms:

	Quarter ended		Financial period ended	
	<u>30.06.2021</u>	<u>30.06.2020</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
	RM'000	RM'000	RM'000	RM'000
Transactions with immediate holding company				
- Sale of refined products	-	161,071	-	250,330
- Purchase of refined products	-	(32,323)	(2,397)	(47,111)
- Central management and administrative charges	(21)	-	(25)	-
Transactions with an affiliated company				
- Purchase of refined products	-	-	-	(646)
- Central management and administrative charges	(2,197)	(880)	(4,559)	(3,140)
- Technical advisory support	(5,333)	(7,352)	(10,647)	(13,379)



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B1 Financial review for current quarter and financial period

	Quarter ended				Cumulative period ended			
	<u>30.06.2021</u>	<u>30.06.2020</u>	Variance		<u>30.06.2021</u>	<u>30.06.2020</u>	Variance	
	RM'mil	RM'mil	RM'mil	%	RM'mil	RM'mil	RM'mil	%
Revenue	2,501	1,214	1,287	>100	4,699	3,763	936	25
Gross profit plus the fair value changes in oil hedges recognised within other gains/(losses)	21	112	(91)	(81)	185	172	13	8
(Loss)/profit after taxation	(59)	49	(100)	>-100	(43)	(75)	32	43

Both the sales volume for the current quarter and comparative quarter stood at 8.1 million barrels whilst the sales volume for cumulative period stood at 16.2 million barrels compared to comparative cumulative period at 18.1 million barrels. Revenue for the current quarter and cumulative period are comparably higher as market quoted product prices averaged approximately USD75 per barrel for the current quarter and USD71 for the cumulative period, compared to USD35 per barrel and USD48 per barrel for the respective comparative periods.

The Company's refining margin improved compared to both comparative quarter and cumulative period due to recovery of global demand and reopening of the economic market. However, current quarter's gross profit is lower compared to the comparative quarter due to settlement of trades for commodity swaps. For the current cumulative period, the stockholding gains are largely offset by such settlements. Whereas the previous comparative cumulative period was adversely affected by stockholding losses.

Manufacturing expenses were slightly lower in the current quarter, in line with slight drop in production volumes due to extended Full Movement Control Order. Administrative expenses include impairment of receivables of RM26.2 million in the comparative quarter and cumulative period.

The disproportionate tax charge in the current quarter and cumulative period were mainly due to certain expenses being disallowed for tax purposes. The comparative quarter and cumulative period arose from the recognition of deferred tax assets on tax losses previously not recognised, taking into account the availability of future taxable profits against which it can be utilised.



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(continued)

B2 Financial review for current quarter compared with immediately preceding quarter

	Quarter ended		Variance	
	<u>30.06.2021</u>	<u>31.03.2021</u>	RM'mil	%
	RM'mil	RM'mil		
Revenue	2,501	2,198	303	14
Gross profit plus the fair value changes in oil hedges recognised within other gains/(losses)	21	164	(143)	(87)
Profit/(loss) after taxation	(59)	16	(75)	>-100

Although the average market quoted product prices for the current quarter were higher than the immediately preceding quarter, lower gross profit for the current quarter resulted from lower stockholding gains and poor margin uplift from the effects of margin swaps.

B3 Current year prospects

In the near term, crude prices are expected to remain volatile and refining margins are expected to slowly recover. While the oil industry remains challenging, the Company will continue to focus on the operational efficiency, product quality, hydrocarbon hedging, and financial risk management in optimising the Company's performance. Apart from that, various safety management measures have been rigorously implemented by the Company to curb Covid-19 risks in order to safeguard the health and well-being of all our employees and stakeholders.



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Part B: Additional Information Required by Bursa Malaysia Listing Requirements
(continued)

B4 Status of Project Euro 4M Mogas

Due to the Covid-19 outbreak and consequent international lockdowns, the Euro 4 Mogas project is expected to be completed in the first quarter of 2022. The delay is not expected to have any significant adverse effects to the Company's operations and its ability to supply to the market.

The Malaysian government mandated the switch to Euro 4 standard for Mogas effective 1 January 2020. The Company has been able to produce some volumes of Euro 4 Mogas based on the plant's existing configuration in fulfilling its supply obligations to customers. Should additional volumes be required by our customers, the Company may choose to meet these orders with internally produced volumes or by purchasing additional volumes from the open market, depending on the commercial viability at the time.

B5 Profit forecast

The Company does not issue any profit forecasts.

BY ORDER OF THE BOARD

Lim Hooi Mooi (MAICSA 0799764)
Ong Wai Leng (MAICSA 7065544)
Company Secretaries

Kuala Lumpur
27 August 2021